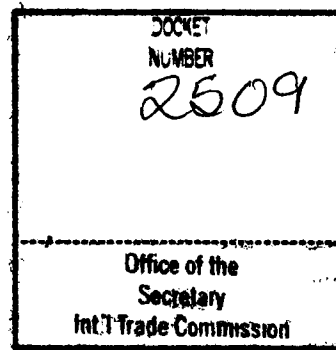


EXECUTIVE OFFICE OF THE PRESIDENT  
THE UNITED STATES TRADE REPRESENTATIVE  
WASHINGTON, D.C. 20508

The Honorable Daniel R. Pearson  
Chairman  
U.S. International Trade Commission  
500 E Street, S.W.  
Washington, D.C. 20436



OCT 23 2006

Dear Chairman Pearson:

Pursuant to the provisions of the United States-Singapore Free Trade Agreement (USSFTA), the United States and Singapore have agreed to enter into consultations to consider acceleration of the reduction or elimination of tariffs (including an increase in the quota level of certain tariff rate quotas) and rules of origin change for certain articles. USTR is specifically interested in receiving advice from the Commission concerning the probable economic effect of accelerating the reduction or elimination of U.S. duties on preparations for infant use, put up for retail sale (HS 1901.10), peanuts in snack products (HS 2008.11), and polycarbonates (HS 3907 40.00), and in receiving advice on the probable effect of modifying the USSFTA rules of origin for photocopiers (HS 9009.12.00).

Article 2.2.3 of the USSFTA authorizes the Parties to accelerate tariff reduction or elimination on a faster schedule than provided for in the Agreement. In accordance with Article 3.18.2 of the USSFTA, the parties consult regularly to discuss necessary amendments to the USSFTA's rules of origin. Article 20.1.2(d) of the USSFTA authorizes the Joint Committee composed of the designates of the U.S. Trade Representative and Singapore's Minister of Trade and Industry to consider and adopt amendments to the agreement. Sections 201(b) and 202(o) of United States-Singapore Free Trade Agreement Implementation Act (Act), 19 U.S.C. 3805, note, authorize the President to proclaim modifications in duty treatment and rules of origin changes, respectively subject to the consultation and layover requirements in section 103 of the Act. One of the requirements set out in section 103 is that the President obtain advice regarding the proposed action from the U.S. International Trade Commission. Accordingly under authority delegated by the President, I request, pursuant to section 332(g) of the Tariff Act of 1930, and in accordance with section 103 of the Act, that the Commission provide advice, with respect to each relevant article on the enclosed list, as to the probable economic effect of accelerating the reduction or elimination of the U.S. tariff under the USSFTA on domestic industries producing like or directly competitive articles and on consumers of the affected goods. This advice should be based on 2006 HTS nomenclature and 2005 trade data. I also request that the Commission provide advice on the probable effect of the rules of origin modification reflected in the enclosed proposal on U.S. trade under the USSFTA, on total U.S. trade, and on domestic industries. To aid in conducting your inquiry I have attached information that Singapore provided to support its request.

The Honorable Daniel Pearson  
Page Two

The report should be classified and marked in accordance with Section 1.6 of Executive Order 13292, as amended. The sections of the report that analyze the probable economic effects, as well as other information that would reveal aspects of the probable economic effects advice, should be classified as Confidential pursuant to Section 1.4(e) of Executive Order 13292, as amended. The declassification date should be ten years from the date of your report. Background, public data, and other portions of the report that do not provide or reveal aspects of the probable economic effects advice or conclusions should not be classified. The probable economic effects advice, the probable effect model results, the non-public data used in the model, and the model parameters as a whole would normally be classified Confidential. Chapters containing overviews of markets within, or trade between, the United States and free trade agreement partner or partners, the positions of interested parties, previously released public documents (e.g., the request letter and Federal Register notice), and tables containing public data (unless the selection of data on the table would reveal the probable effects advice) should be unclassified. Barbara Weisel, AUSTR for Southeast Asia and the Pacific should be listed as the Original Classifying Authority for this report.

The commission is requested to provide this advice at the earliest possible date, but not later than 90 days after receipt of this letter. The Commission's assistance in this matter is greatly appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "Susan C. Schwab", with a stylized flourish at the end.

Susan C. Schwab

EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE  
WASHINGTON, D.C. 20508

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November 7, 2006

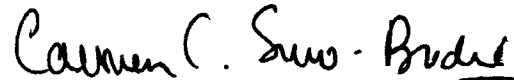
Ms. Lyn Schlitt  
Director  
Office of External Relations  
International Trade Commission  
Washington, D.C. 20436

Dear Lyn,

We would like to append the attached document to the letter on Singapore sent to the Commission by Ambassador Schwab in October. We regret that the attachment was inadvertently not sent with the original letter. We understand that the work on the Singapore project has been delayed, while you waited for the transmittal of the appendix. Please let us know what your new adjusted deadline for delivery will be.

With best wishes,

Sincerely yours,



Carmen C. Suro-Bredie  
Assistant USTR for Policy Coordination

Enclosure

cc: Paul DeLaney  
Jeri Jensen

**Subheadings for Which Singapore has Requested an Increase in Tariff Rate Quotas**

HS 1901.10 (nutritionals/preparations for infant use, put up for retail sale)

HS 2008.11 (peanuts in snack products)

**Subheading for Which Singapore has Requested Tariff Reduction Acceleration**

HS 3907.40.00 (polycarbonates)

**Subheading for Which Singapore has Requested Change of the Rules of Origin**

HS 9009.12.00 (photocopiers) – removal of disqualifying raw material HS 9009.90

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## Attachment 1

### Subheading for Which Singapore has Requested an Increase in Tariff Rate Quotas HS 1901.10 (Nutritionals/Preparation for infant use, put up for retail sale)

*Nutritionals (HS 1901.10): Singapore has requested that tariff rate quotas be expanded by 2010.*

A U.S. Company, Abbott Pte, Ltd., initiated the original request. The company has assessed that the U.S. demand for powdered infant formula will increase and hence intends to export this product to the U.S. from its Singapore plant. However, the quotas for dairy products in the USSFTA are very low to be of commercial significance to manufacturers of nutritionals in Singapore. There is a 6 metric tons quota for Year 3, which equates to the output for about 2 hours of manufacturing operations. This quota is significantly less than the 517 and 1685 metric tons offered for Year 3 under the US-Chile and US-Australian FTAs, respectively. The Company suggests that 10,000 metric tons (by 2010) would be more desirable and commercially significant quota.

Subsequently, the following information was received from the Government of Singapore:

We have conducted further consultations on the requested expansion of the TRQ for nutritionals. Due to changes in market dynamics, we would like to revise our requested quota downward, to mirror that under the US-Chile, except that the quota will be lifted in Year 10 rather than Year 12. The suggested annual quantity proposals for each remaining year of the staging is shown in the table below. As you would be aware, this request originated from Abbott Nutritionals, which is building a Singapore plant, primarily to serve Asian markets. They expect that increasing US demand would allow some formula produced in Singapore to be shipped to the US eventually.

Year	Metric Tons (current)	Metric Tons (requested)
1	5.0	N/A
2	5.5	N/A
3	6.05	N/A
4	6.655	554
5	7.321	592
6	8.055	634
7	8.858	678
8	9.744	726
9	10.718	777
10	Unlimited	Unlimited

## Attachment 2

### Subheading for Which Singapore has Requested an Increase in Tariff Rate Quotas .. HS 2008.11 (peanuts in snacks)

*Peanuts (HS 2008.11) Singapore has requested that TRQ amounts be increased.*

Singapore's nut snack manufacturers have requested for an increase in the tariff rate quota for peanuts, specifically peanut snacks. They are a well established player in the region and want to expand their market in the United States. Currently, the quota for tariff-free treatment for peanuts under the USSFTA is 1.21 metric tons, which is clearly insufficient for any commercial transaction in peanut snacks between U.S. and Singapore, considering that a 20 foot container load amounts to 18 metric tons. Singapore has requested that the U.S. considers expanding the quota for peanuts to 200 metric tons of peanut snacks in Year 4 (2007); to be increased by 10% annually till Year 9, and phased out in Year 10.

Year	Metric Tons (current)	Metric Tons (requested)
1	1	N.A.
2	1.1	N.A.
3	1.21	N.A.
4	1.331	200
5	1.464	220
6	1.611	242
7	1.772	266
8	1.949	293
9	2.144	322
10	Unlimited	Unlimited

It should be highlighted that Singapore and the U.S. have complementary interest in that Singapore does not grow peanuts (HS 1202) and would likely procure raw product from the U.S. In order to export their products to the U.S., Singapore would need to import peanuts from the U.S. in order to meet the wholly obtained rule of origin to claim preferential treatment under the USSFTA and avoid the prohibitive tariff of 131.8%. This would open up a new customer base for U.S. peanut growers. In addition, Singapore has requested contacts of U.S. peanut suppliers for possible peanut procurement and is sponsoring a Food and Hotel Asia Trade Show to be held in Singapore on April 2006.

### **Attachment 3**

#### **Subheading for Which Singapore has Requested Tariff Reduction Acceleration HS 3907.40.00 (polycarbonates)**

*Polycarbonates (HS 3907.40.00): Singapore has requested a tariff phase out over a period of not more than 4 years. Currently, this product is subject to a 10 year phase out.*

The current offer under the USSFTA for polycarbonates is for tariff elimination within a 10 year phase out period. For applications such as CD manufacturing, polycarbonates have a 5.8% duty upon entry into the United States. The current tariff reduction is approximately 0.58% annual reduction whereas immediate tariff elimination was granted to both Chile and Australia in their FTAs.

#### **Attachment 4**

##### **Subheading for Which Singapore has Requested Change of the Rules of Origin**

*HS 9009.12.00 (photocopiers) – removal of disqualifying raw material HS 9009.90 (parts & accessories)*

Singapore has requested a change to the rule of origin for photocopiers (HS 9009.12.00). The MFN rate of 3.7% is subject to immediate tariff elimination under the USSFTA. Singapore indicated that its industry cannot meet the first rule because some of their raw materials fall under HS 9009.90. The company in question is also unable to meet the RVC requirement.

Singapore has requested that HS 9009.90 be removed from the list of raw materials disqualified under the CTS rule. They believe that this is a reasonable request considering that the products falling under HS 9009.90 are MFN-zero ITA products which form part of the Integrated Sourcing Initiative (ISI). Under the original formulation for the ISI, which included the second limb "components" element, HS 9009.90 parts would have been deemed originating, irrespective of actual source.